



# THE COMPTROLLER'S CORNER

## Achieving a Clean Audit Opin-

**F**inancial management reform has been one of our top priorities for several years. A key goal of our reform effort is auditable financial statements. Achieving that goal has been more difficult than most of us anticipated and we still have a long way to go. You might ask—why do we persist? The answer has several parts. First, it's the law. Second, the public expects us to properly account for taxpayer dollars. From the public's point of view, the most obvious indicator of proper accountability is an unqualified (clean) audit opinion on our financial statements. Until we achieve a clean opinion we can expect continued skepticism. Finally, auditable financial statements send a far broader message than just a clean opinion. It tells Air Force management that information provided by financial and feeder systems, used to make critical decisions, is reliable.

Even though an overall clean opinion is still in the future, we have made notable progress. The General Fund Statement of Budgetary Resources (SBR) is very close to passing the audit test because of your hard work in ensuring disbursements are properly supported and obligations are reviewed and validated during the tri-annual reviews. So far your tireless efforts have resulted in two of the three statement elements (resources provided and disbursements) passing audit scrutiny and the third (obligations) is very close. You have reduced unsupported obligations from \$4 billion in FY 1998 to less than \$400 million in FY 2000! We are also making progress on the Balance Sheet. PriceWaterhouseCoopers concluded that the Air Force accurately accounts for, values, and depreciates real property—a \$27 billion account. In addition, KPMG recently reported that Air Force equipment accountability is over 97% accurate—an \$8 billion account. Finally, the most important indicator to long term financial accountability is our progress in incorporating financial requirements into Air Force systems. The two systems that report real and personal property are in the final stages of CFO-compliance testing and every other major financial or feeder system is under “financial” renovation.

A clean opinion on our financial statements is an achievable goal and your efforts to date have moved us closer to that goal. I thank you for your hard work and solicit your continued support as we move forward with this important financial reform effort.

**JAMES R. SPEER**

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(Financial Management and Comptroller)**